



## **Budget Speech 2015**

October 15, 2014

Since coming into office, we've made the tough decisions necessary to get New Orleans headed in the right direction on a more sound financial footing. We have succeeded.

Now, I can say that bright days are ahead. Our city's population is growing fast, we're adding thousands of jobs, property values are up, we've attracted more retail, and we've focused on collecting what is owed from everyone.

Our hard work is paying off – as a result, revenue is up and we can invest more in what the people of New Orleans say they want —more in public safety, more in job creation, more in recreation, more for streets and streetlights and more to fight blight.

Make no mistake, there is a long way to go and there are looming liabilities on the horizon, but we are on the **right path** and, as always, we will move forward with optimism and faith.

Our goal, in time for our 300th Anniversary in 2018 - create a city of peace where everyone can thrive and no one is left behind. A lot must happen to fulfill this dream, and for our part, city government must be smaller, faster, more flexible and entrepreneurial, but most importantly deliver on the people's priorities.

That's what the 2015 budget is all about. Indeed, this is our 5<sup>th</sup> budget, so at this point it is worthwhile to pause and think about not just where we are going, but where we have come from.

In May 2010 when I took office – New Orleans was in fact hurtling toward financial disaster. The city was deep in the red, spending **\$5** for every **\$4** we took in.

**\$300M** in loans were gone and our savings account had been drained. If things had kept going like they were, New Orleans would have been forced to declare bankruptcy like Detroit.

To avoid this disaster, we worked closely with Council to cut smart, reorganize, invest & grow.

First we cut – painful, yet necessary.

We did it all to close a near **\$100M budget gap**. There were furloughs for all city employees; we cut city contracts, cut take-home cars, cut city credit cards, cut overtime, cut and streamlined whole departments, boards & commissions.

Here are the results - compared to 2009, the city spent over **\$40M** less last year.

And as we cut and reorganized to squeeze more efficiency from City Hall, we created and then rapidly invested in engines of growth like the NOLA Business Alliance & One Stop Shop for permitting.

Through these efforts and others, we have significantly improved how we incentivize growth and serve our local businesses.

Now there is a retail boom – Costco at the end of Washington, Wal-Marts in Gentilly and the East, Whole Foods on Broad Street, Mid City Market on Carrollton, Algiers Plaza on the West Bank, the new Outlet Collection at the Riverwalk has opened downtown, and Magnolia Marketplace in Central City is coming soon.

All this means more jobs and **\$14.6M** in projected additional city revenue in 2014 and over **\$12M** more projected for 2015.

This is good news and in 2015 we will use this money to invest in the people's priorities.

In order to hear the people's priorities and build the budget, like every year since taking office, we held a series of budget community meetings across the city. Hundreds attended, each meeting lasted several hours and I was often the last to leave the room. I listened and I heard.

At these meetings, we heard the people of New Orleans say – being safe is our #1 priority.

So, in 2015 we dedicate **\$2.6 million** more to the New Orleans Police Department and continue fully funding the 5-year, \$55 million police consent decree.

To give our officers the equipment they need to do their jobs, in 2013, we bought 100 new police cars. In 2014, we're buying 200 and in 2015, we will add another 100 to the fleet. That is 400 new police cars in three years.

Plus, we're making big investments in other equipment and technology, including more body cameras, which we will make sure are being used like they are supposed to be.

On top of that, over the last several years we have dedicated over **\$41 million** to rebuild and improve NOPD facilities. Just look at the brand new 5<sup>th</sup> District on St. Claude and the is more to come 7<sup>th</sup> District in the East. And there.

These are really important investments, but to make the city safe it is all about having more officers on the beat well trained in community policing and ready to protect and serve.

So, in 2015 we fund hiring another **150 new police officer recruits** who will be trained in community policing. That is on top of the nearly 60 recruits currently in 2 recruit classes, and we plan to begin another recruit class before the end of 2014.

Plus, to attract **and retain** the best & bravest, I am happy to announce that in 2015 we will fund the first police pay raise in 8 years.

With this 5% across the board pay raise, the average police officer will see a bump of **nearly \$2,200 more per year**.

They deserve every penny and more.

They answer the call when we are in trouble.

They run towards the fire - towards gun shots in the night.

It is demanding, dangerous work.

To do this tough job, we need - **the best & the bravest**; individuals who are called to protect & serve their community. And just as they support and protect us, we in turn must support them and that is what this **5%** pay raise is all about.

We have a new Chief and are investing in the NOPD so it can become the best police department in the country, but to make our city safe we need more people ready to get behind the badge. In 2015, we've dedicated **\$312,000** for Civil Service to speed up police recruit hiring and another **\$500,000** for an aggressive marketing and recruitment campaign.

So for all the young women and men out there who are called to serve – listen to me - we are rebuilding this police department from top to bottom and need you to help lead us into the future.

But here is the truth – fighting crime and being safe is about more than the police. And we heard this loud and clear at our budget community meetings – to make New Orleans safe, we need more jobs.

In this regard, we are in exciting times. World class companies like GE Capital are relocating here, and huge, multi-billion dollar, once in a lifetime projects at the airport, S&WB, & at our new hospitals will create thousands of new jobs. We've got openings for everything from doctors and nurses to water engineers and mechanics. We have the jobs.

So, in 2015, we dedicate **\$677,000** to our new comprehensive economic opportunity strategy, which has a special focus on African American men, 52% of whom are not currently working.

These funds are matched by another **\$8.2M** in leveraged workforce development grants from the US Department of Labor, and earlier this year we received a **\$1.5M** grant from the GE Foundation. With this funding and in close partnership with Delgado we will train local people for hundreds of soon to be available jobs in energy, advanced manufacturing, and at the S&WB.

This is really important work and will be the major priority of my second term.

In addition, in 2015, through the Great Places to Work Initiative we will raise the minimum wage for all city employees to **\$10.10 per hour**.

Full-time work deserves a living wage, but only Congress and the President or the State Legislature and Governor can raise the minimum wage for everyone in New Orleans, but I can do something about city employees. We will do our part, and raising the minimum wage for hundreds of hourly city employees is a step in the right direction.

Furthermore, in 2015 we will work with the Civil Service Commission to ensure that city employees are paid for maternity leave. The United States is one of the only developed nations in the world that does **not** require at least some paid maternity leave. We should change that and like with the minimum wage, at the city, we are leading by example.

All these are important issues, but at our budget community meetings, we heard the people of New Orleans say – fix our streets and streetlights, keep the city clean, and rebuild our neighborhoods.

Since 2010, we have secured more than **\$1 billion** in new FEMA funding for streets and other projects. With this money we've already made big progress on our main thoroughfares.

We have fixed more streets from 2010 - 2014 than in the previous ten years combined. But our interior, neighborhood streets are still horrible.

So, in 2015 we will start or complete over **\$340M** of road and infrastructure work across the city. We've got **\$21.4M** hitting the ground in Lakeview, **\$17M** for work in St. Claude, **\$6.7M** for Broadmoor, **\$16M** for Filmore, **\$42M** in Lower Nine, **\$1.3M** for the Lower Garden District, **\$10.5M** in Pontchartrain Park, **\$13.5M** for the West End, and another **\$4.46M** for the Florida/Desire area.

Plus, in 2015 we nearly double down on our 2014 streetlight work. All told, this year and next, we are making a historic **\$26M** investment in streetlights across the city.

In 2015, we will also invest another **\$1.3M** so the Department of Sanitation can hire additional crews and do more street sweeping. We will also start accepting trash at the Florida Avenue Transfer Station that is too big for regular pick up. This should cut down on illegal dumping.

Furthermore, we will continue our investments in city capital projects across the city. In 2015, we will start or complete over **\$100M** in building improvement projects. This includes **\$2M** of repairs on the main branch library, a new **\$15M** coroner's complex, and the terrific **\$12.7M** Lafitte Greenway, with another **\$325,000** dedicated to Parks and Parkways for maintenance, including maintenance on the greenway. Plus, in 2015 there will be new places where our kids can play, learn & grow.

For our kids – in 2015, we budget **\$1.6M** more for NORDC to cover programming at our brand new facilities. The **\$2.1M** Gernon Brown Gym in Lakeview is already open. Meanwhile, the **\$19.6M** Sanchez Center & pool in Lower 9, the **\$6.3M** Stallings Center in St. Claude, and the **\$8M** Rosenwald Center in Central City are all coming out of the ground right now.

And the **\$12.2M** Milne Boys Home is also under construction and will be a great campus for, among other things, NORDC central offices and our NOLA FOR LIFE programs.

From there, in 2015, at our budget community meetings we heard from the people of New Orleans - keep fighting the blight; build on the progress made during the last several years where we fixed up or tore down blight faster here than anywhere else in America.

Four years, over 10,000 blighted units gone, but there is still a long way to go.

In 2015, we add another **\$900,000** to the fight against blight, committing over **\$5M** to Code Enforcement, while we also are working to secure up to **\$10M** in new FEMA funds to fight the blight.

These investments will help us keep the pedal to the metal as we aggressively fight blight, rebuild neighborhoods, and clean up overgrown lots.

To clean up lots, in 2015 we fund an innovative lot maintenance program that both clears high grass on abandoned lots and provides jobs for locals. It is a great model and this year we plan to complete **9,000** grass cuttings. We've already started in St. Roch and 7<sup>th</sup> Ward.

In the 2015 budget every dollar counts and funds a top priority – whether it is the **\$114,000** to implement the Comprehensive Zoning Ordinance or the **\$535,000** bump for the Department of Safety and Permits to further improve customer service at City Hall.

And there is **\$250,000** more for our senior center in Hollygrove and **\$205,000** to fund the partnership between the DA and the Innocence Project, so the wrongfully convicted get their cases reviewed.

We are stretching every penny to fund the people's priorities.

But even though we have aggressively cut, reorganized, invested and grown - the 2015 budget is still balanced on a knife's edge. Our hard won new revenue from better collections and the retail boom is eclipsed by huge looming liabilities.

In this budget, we dedicate another **\$11.7M** to comply with the court's order and fully fund the fire fighters pension fund's actuarial request. But this is still a broken system that is like a bucket with a hole in it – no matter what you put in, the bucket is never going to be full. Regardless, we are meeting our obligations and will continue to advocate for major reform.

With this increase the city will spend **\$43.4M** on the fire fighters pension fund. For a **\$536M** city general fund budget that is a lot of money. That is nearly half of what we pay every year to operate the actual fire department.

**\$43.4M** is more than the entire **COMBINED** general fund budgets for safety and permits, health, human services, parks and parkways, recreation, the art museum, the District Attorney, the Coroner, Juvenile Court, Criminal District Court, Mosquito and Termite Control, and the Registrar of Voters.

With the additional **\$11.7M** dedicated this year to the fire fighters pension fund to comply with the court's order we could hire over **200** police officers.

With that money, we could cut the grass on every blighted lot in the city.

With that money, we could pay for two and a half years' worth of maintenance to the city's entire streetlight system.

But the fire fighters pension fund is not the only thing that could destabilize this proposed 2015 budget.

After generations of neglect, the Orleans Parish Prison has been found unconstitutional.

The sheriff has requested \$10M - \$22M more on top of the **\$31.7M** he will receive this year.

In the 2015 budget, the Sheriff gets **\$4.4M** more than what he got in 2014—for a total of over **\$36M** from the city.

We have worked with the Sheriff on a proposal to increase his operating funds even more, so he can pay for new court ordered mental health treatment and medical care at the jail.

Our proposal, which is on the November ballot, would make another **\$8M** available to cover these important health care services for inmates.

Most importantly, the proposal avoids raising taxes. Instead, with the people's approval, we will simply continue and redirect **current** revenue, but allow the Sheriff to spend the money on operations, instead of capital.

Again, if this passes, you will not pay any more in taxes and we can avoid having to cut \$8M from other citizen priorities like police, fire, and street repairs.

So in the coming weeks and months, we will go to the people of New Orleans and work with City Council to determine the way forward on the jail and a whole host of other topics including long term funding for police, fire, street repairs, drainage, streetlights, and the libraries.

These are all difficult issues and there is no doubt we inherited a tough set of problems. But because of our hard work revenues are up, spending is being carefully managed, and with help from the people of New Orleans we will deal with our challenges head on.

We are all in this together.

Now, I hand the 2015 budget to City Council, who, over several weeks of public budget hearings, will go over everything with a fine tooth comb.

And just as hundreds of you helped us get to this point by giving feedback at this summer's budget community meetings, I ask you all today to attend these budget hearings in City Council.

Your voice matters and we need your support and wisdom as we make these tough budgetary decisions. But make no mistake, our hard work is paying off - this budget is balanced.

We are winning.

There is a long way to go, but this is the right path and, as always, we move forward with optimism and faith - forward towards a fixed point – 2018 and our 300<sup>th</sup> anniversary as a city and beyond.